

Message Text

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ORIGIN NEA-16

INFO OCT-01 EA-11 IO-14 ISO-00 SS-20 CIAE-00 DODE-00 PM-07

H-03 INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01

SP-03 USIA-15 AID-20 EB-24 /161 R

DRAFTED BY NEA/INS:RDLORTON:MMK

APPROVED BY N-A:BLAINGEN

D - MSPENDLETON

S/S - WLU;RS

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FM SECSTATE WASHDC

TO AMEMBASSY KATHMANDU

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AMEMBASSY NEW DELHI

USMISSION USUN NEW YORK

C O N F I D E N T I A L STATE 216385

E.O. 11652: GDS

TAGS: PFOR, NP, US, EAID

SUBJECT: NEPALESE FOREIGN MINISTER AND STATE MINISTER
FOR FINANCE MEETING WITH ACTING SECRETARY

REF:STATE 195760

1. SUMMARY: IN CALL ON ACTING SECRETARY SEPTEMBER 30, KARKI CALLED US-NEPAL RELATIONS EXCELLENT, COMMENTED ON NEPAL'S RELATIONS WITH CHINA AND INDIA (ALSO DESCRIBED AS EXCELLENT), AND DISCUSSED NEPALESE IRRITATION OVER TREATMENT RECEIVED FROM THE ARABS ON OIL-RELATED ISSUES. THAPA EXPRESSED NEPALESE GRATITUDE FOR U.S. ECONOMIC ASSISTANCE IN NEPAL SUGGESTED POSSIBILITY U.S. COULD SUPPLY SOME COMMODITIES TO GENERATE LOCAL DEVELOPMENT RESOURCES, AND URGED DOLLAR GRANTS RATHER THAN LOANS BE MADE AVAILABLE TO NEPAL. ACTING SECRETARY AGREED U.S.-NEPAL RELATIONS WERE EXCELLENT, CONFIDENTIAL

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OUTLINED UNCERTAINTIES ABOUT PUBLIC AND CONGRESSIONAL

ATTITUDES TOWARD AID, AND STATED OUR EXPECTATION OF
HAVING VERY HIGH LEVEL REPRESENTATION AT CORONATION.
END SUMMARY.

2. NEPALESE FOREIGN MINISTER KARKI AND STATE MINISTER
FOR FINANCE THAPA CALLED ON ACTING SECRETARY INGERSOLL
SEPTEMBER 30. NEPALESE AMBASSADOR KHANAL, FIRST
SECRETARY RIMAL, LAINGEN, AND LORTON SAT IN.

3. KARKI ORALLY CONVEYED A PERSONAL MESSAGE FROM KING
BIRENDRA WISHING MRS. FORD A QUICK RECOVERY FROM HER
ILLNESS.

4. PLACING U.S.-NEPAL RELATIONS, WHICH HE TERMED
"EXCELLENT, VERY GOOD", IN CONTEXT OF NEPAL'S INTEREST
IN MAINTAINING RELATIONS WITH OTHER COUNTRIES STEMMING
FROM ITS GEOGRAPHICAL SITUATION, KARKI SAID NEPAL WAS
GRATEFUL FOR U.S. ASSISTANCE AND COOPERATION. KING
BIRENDRA AND GON "GREATLY APPRECIATED" U.S. PRESENCE
IN NEPAL. ACTING SECRETARY AGREED RELATIONS WERE VERY
GOOD.

5. CALLING NEPAL'S RELATIONS WITH CHINA, AS WELL AS
WITH INDIA, "EXCELLENT", KARKI OFFERED NEPALESE
ASSESSMENT CHINA WOULD NOT HAVE MANY PROBLEMS DESPITE
CHOU EN-LAI'S BAD HEALTH. CHINA WAS LINING UP LEADER-
SHIP THAT WOULD INCLUDE REPRESENTATIVES OF THE OLD,
MIDDLE-AGED, AND YOUNG TO AVOID ANY COMMUNICATIONS GAP.

6. KARKI THOUGHT IT WAS "VERY GOOD" THAT U.S. WAS
IMPROVING RELATIONS WITH INDIA -- THIS WOULD BE HELPFUL
TO NEPAL. NEPAL WANTS INDIA TO IMPROVE HER ECONOMIC
CONDITION BECAUSE INDIAN ECONOMIC STABILITY IS IMPORTANT
TO NEPAL.

7. NOTING THAT NEPALESE PEOPLE HAD CULTURAL TIES WITH
SIKKIMESE, KARKI SAID REACTIONS TO INDIA'S ABSORPTION
OF SIKKIM WERE "NOT OUR DOING", IMPLIED THEY
REPRESENTED SPONTANEOUS EXPRESSION OF OPINION. THINGS
HAD SETTLED DOWN NOW; GON WAS SATISFIED WITH ASSURANCES
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FROM INDIAN LEADERS THAT NO HOSTILE ACTIVITIES WOULD
BE DIRECTED AGAINST NEPAL FROM INDIAN SOIL. KARKI
SAID HE WANTED TO TAKE THEM AT THEIR WORD. (KARKI TOLD
LAINGEN LATER THAT THESE ASSURANCES HAD BEEN REAFFIRMED
BY SWARAN SINGH WHEN HE MET WITH LATTER IN UNGA THIS
PAST WEEK).

8. ASKING THAPA TO TALK ABOUT U.S.-NEPAL ECONOMIC

RELATIONS, KARKI EMPHASIZED THAT NEPAL SEEKS CONTINUED U.S. ECONOMIC COOPERATION AND INCREASED AID. THAPA SECONDED KARKI'S EXPRESSIONS OF GRATITUDE FOR U.S. COOPERATION AND INTEREST IN NEPAL, AND NOTED NEPAL HAD BENEFITED FROM "LONG HISTORY" OF "FRUITFUL" ASSISTANCE. HE WAS CONCERNED, HOWEVER, ABOUT "DRASTIC DROP" IN AID RESOURCES WHEN AVAILABLE INDIAN RUPEES HAD BEEN EXHAUSTED AND SAID HE WANTED TO DISCUSS WITH AID POSSIBILITY OF (1) SUPPLYING SOME U.S. COMMODITIES WHICH WOULD GENERATE LOCAL CURRENCY RESOURCES FOR

DEVELOPMENT AND (2) U.S. DOLLAR GRANTS RATHER THAN LOANS. PROBLEMS HAD TO BE VIEWED IN RELATION TO CONDITIONS IN NEPAL'S NEIGHBORS, PARTICULARLY INDIA WHERE SOME COMMODITIES SUCH AS CEMENT AND FERTILIZER WERE NOT AVAILABLE EVEN AT A PRICE.

9. THAPA SAID PRESIDENT FORD'S SPEECH EARLIER IN THE DAY BEFORE THE WORLD BANK MEETING WAS HIGHLY APPRECIATED, PARTICULARLY HIS PLEDGE OF COOPERATION IN DEALING WITH WORLD ECONOMIC PROBLEMS. HE NOTED "FATIGUE" WITH THE TERM "AID" AND SUGGESTED A "NEW, BOLD INITIATIVE" WAS NEEDED.

10. IN RESPONSE TO ACTING SECRETARY'S QUERY ON RESPONSE OF OIL PRODUCING COUNTRIES TO NEEDS OF NEPAL, THAPA SAID IT HAD NOT BEEN VERY GOOD, EXCEPT PERHAPS FOR IRAN AND ADEN. HE OR FONMIN EXPECTED TO GO TO IRAN AT SOME POINT FOR DISCUSSIONS. KARKI CLEARLY IRRITATED WITH ARABS AS TALKING A LOT WITHOUT DOING ANYTHING. THAPA THOUGHT NOT ENOUGH WORLD PRESSURE HAD BEEN BROUGHT TO BEAR ON ARABS; ACTING SECRETARY SUGGESTED THAT NEPALESE SPEAKING OUT WOULD BE MORE CONFIDENTIAL

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EFFECTIVE THAN ANYTHING U.S. MIGHT SAY.

11. ACTING SECRETARY ASKED FOR KARKI'S ASSESSMENT AS TO WHY THE NON-ALIGNED SUPPORTED THE ARABS EVEN THOUGH NO HELP WAS FORTHCOMING. KARKI SAID NO ONE HAD EVER THOUGHT THEY WERE SO UNDEPENDABLE WHILE THAPA SUGGESTED THAT THE ARABS HAD ONLY RECENTLY BECOME RICH AND IT WAS STILL TOO SOON TO EXPECT MUCH FROM THEM. THEY HAD ONLY BEGUN TO MAKE AVAILABLE RESOURCES TO THEIR OWN POOR PEOPLE. AMBASSADOR KHANAL SAW DIFFICULTY PARTICULARLY FOR AFRICANS IN ISRAELI POSITIONS ESPECIALLY SINCE 1967. KARKI CITED ABUSE WHICH NEPAL HAS TO TAKE FROM NON-ALIGNED ON THEIR CONTINUING RELATIONS WITH ISRAEL.

12. THAPA HOPED THAT SOME WAY COULD BE FOUND FOR REGULAR CONSULTATIONS AND REVIEW OF U.S.-NEPAL ASSISTANCE RELATIONSHIP, ESPECIALLY TO IDENTIFY NEW AREAS FOR COOPERATION. ACTING SECRETARY THOUGHT IT WISE TO HAVE SUCH CONSULTATIONS AS LONG AS THEY DID NOT RAISE UNDUE EXPECTATIONS. OUTLINING DIFFICULTIES WHICH AID FACES IN CONGRESS, ESPECIALLY IN ELECTION YEAR, HE ASSURED THE NEPALESE THAT ADMINISTRATION WAS FIGHTING FOR A GOOD AID BILL BUT THAT THEY SHOULD NOT HAVE EXPECTATIONS WHICH U.S. CANNOT FULFILL.

13. ACTING SECRETARY RAISED ISSUE OF KHMER REPRESENTATION IN UN EXPRESSING HOPE GON MIGHT CHANGE ITS POSITION AND AT LEAST ABSTAIN ON THE ISSUE. U.S. BELIEVED IT WAS CLEARLY BAD PRECEDENT TO BACKGOVERNMENTS WHICH WERE NOT IN PLACE. KARKI SAID THE NEPALESE WERE STILL STUDYING THEIR POSITION BUT THAT NON-ALIGNED PRESSURES AND NEPAL'S RELATIONS WITH CHINA WERE AMONG FACTORS TO BE CONSIDERED.

14. ACTING SECRETARY ASKED KARKI TO INFORM KING BIRENDRA THAT U.S. WAS LOOKING FORWARD TO HAVING "VERY HIGH LEVEL" REPRESENTATION AT THE CORONATION. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, MINISTERIAL VISITS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CollinP0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE216385
Document Source: CORE
Document Unique ID: 00
Drafter: RDLORTON:MMK
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740278-0309
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741082/aaaacsap.tel
Line Count: 192
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: TATE 195760
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 01 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 JUL 2002 by shawdg>; APPROVED <06 MAR 2003 by CollinP0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NEPALESE FOREIGN MINISTER AND STATE MINISTER FOR FINANCE MEETING WITH ACTING SECRETARY
TAGS: PFOR, EAID, NP, US, (KARKI)
To: KATHMANDU
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005